



September 11, 2008

To All Cities Aggregation Power Project, Inc. ("CAPP") Members,

Since its inception in 2001, CAPP's main objective has been to collectively address electric purchasing issues for its political subdivisions members in the deregulated market. We are proud that CAPP members have saved more than \$100 million since the Texas market deregulated and that CAPP membership has grown to include 110 political subdivision members.

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Although CAPP member savings are significant, the price volatility in the market makes it difficult to accurately budget for power expenditures from year to year. Power contract options made available to retail customers like CAPP, regardless of source, have been priced as if the energy was produced exclusively from costly natural gas-fired plants.

For several years the CAPP Board and CAPP consultants have pursued efforts to find a fixed price, long-term contract for at least a portion of CAPP's electric energy needs to bring some sense of stability to the annual budgeting process for members and to achieve pricing that consistently stays below market prices. On July 31st the CAPP Board unanimously approved proceeding with the long-term Purchase Power Agreement ("PPA") with Luminant that will supply a portion of participating CAPP members' power needs for 24 years beginning January 1, 2009.

CAPP's consultants forecast that savings for participating CAPP members will exceed \$1 billion over the life of the contract when measured against market prices for electricity based on natural gas prices. Indicative market prices for 2009 confirm more than \$25 million in savings for members participating in the long-term contract next year.

The CAPP Board's recommendation and belief that the long-term contract will result in lower prices for electricity and member savings was made after carefully weighing the benefits and risks of this transaction. All CAPP Board members are city officials or city employees. The benefits and risks inherent in the long-term contract will impact our respective municipalities. The CAPP Board endorses participation in the long-term contract as the most economically attractive alternative despite these identified risks.

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The decision whether to participate in the long-term contract must be made by individual CAPP members on or before November 5, 2008. To assist members' appraisal of the long-term contract, the attached discussion provides the Board's overview of the long-term power supply plan for participating CAPP members, the CAPP prepayment and long-term pricing, and an evaluation of the risks involved with this transaction.

Also included in this package is a signed copy of the PPA, a copy of the Energy Sales Contract Between CAPP and the City (the "Member Contract") to be completed by each individual member that participates in the long-term contract, a Disclosure Statement of the known risks associated with this arrangement, a model ordinance, and a model staff report.

### **CAPP Long-Term Power Supply for Participating Members**

It is anticipated that the portion of energy provided under the long-term Purchase Power Agreement (“PPA”) will not only drive the overall average cost of power below market prices for members of CAPP who choose to participate, but also the PPA will add price stability to volatile market prices which are based on the price of natural gas.

CAPP and Luminant signed the PPA (included in the package and described below) on or shortly after the Luminant Board meets on September 10, 2008. Under the PPA, CAPP will contract with Luminant Generation Company, LLC and several of its affiliates for 150 MW (to be adjusted up to 175 MW or downward depending upon member participation) of baseload capacity and electric energy. The energy from the baseload capacity will be delivered for CAPP’s use from seven generation units at three different sites.

The energy to be provided under the PPA will supply a portion, but not all, of each participant’s future energy needs for up to 24 years. Specifically, the PPA is designed to serve the recent historic baseload (around the clock, always on) electric needs of participants. This amounts to approximately 150 MW, or about 60 percent of participating members' power needs in 2009. An additional supply agreement (referred to as the “wrap” agreement) of a more traditional one to four year period will be pursued by CAPP in a continuing effort to ensure that all members have adequate power whenever needed, regardless of the amount needed.

CAPP will enter two different supply agreements and will contract with a Retail Electric Provider (“REP”) for billing and other customer services. One supply agreement will be the long-term PPA, described above. The second supply agreement, the wrap agreement, addresses all remaining supply needs in excess of the baseload power provided under the PPA. The wrap agreement also provides power that would otherwise be supplied by the PPA, when the PPA generation units are not adequately producing either because of voluntary outages (scheduled maintenance) or forced outages (unexpected or emergency shutdowns.) The contract with the REP will provide for delivery of the power from the two supply agreements to individual meters.

### **Ordinance Approves Participation in CAPP Long-Term Power Arrangement**

To participate in the long-term power arrangement, CAPP members must pass an ordinance (provided in this package.) The ordinance commits the member to purchase electric power to satisfy a portion of its annual energy needs through the CAPP long-term PPA (discussed below) for up to 24 years. The ordinance also approves the Member Contract (discussed below and included in this package) between CAPP and the individual member.

### **Long-Term PPA**

CAPP's long-term PPA is a unit-contingent contract with the three subsidiaries of the old TXU Generation Company (now Luminant) that own seven units at three sites. The 150 MW of baseload power will be provided on an equal percentage basis from the seven units.

The PPA is conditioned to the leveraged buyout ("LBO") financing package that took TXU from a publicly traded company to a private company. Under that financing package, Luminant is authorized to make the long-term PPA agreement with CAPP, and to offer CAPP first-lien security interest in all generation and other competitive assets of Luminant and TXU Energy on an equal basis with the secured lenders to the LBO. In addition, CAPP will have a separate guaranty from Texas Competitive Energy Holdings ("TCEH"), the parent company to the affiliates (collectively referred to as "Luminant") that will supply the power under the PPA.

### **CAPP Member Contract**

The CAPP Member Contract is the contract between CAPP and each individual member taking power pursuant to the long-term PPA. The primary purposes of the Member Contract are: (1) to assign energy from portions of the PPA baseload power and the associated debt service under the PPA to each participating member; and (2) to guarantee to bond holders that the debt will be paid. The second purpose will be fulfilled by the Member Contract (see Section 7.2 of the Member Contract) which provides a claim against the ad valorem taxing authority of the political subdivision in the event of non-payment of the assigned debt service obligation.

## **CAPP's Prepayment and Long-Term Contract Pricing**

### **Prepayment by CAPP and Ad Valorem Tax Pledge by Members**

The PPA requires that CAPP prepay three-fifths of the total contract price. CAPP will issue bonds to raise the capital necessary for the prepayment. The prepayment amount is likely to be \$400 million to \$525 million, depending upon how much of the offered 150 MW is committed to participating members. CAPP plans to issue bonds on or before December 23, 2008, and the bonds will be backed by the individual Member Contracts of each participating CAPP member. The ad valorem tax pledge included in the Member Contract and approved by the participating members' individual ordinances serves as security for the bond holders that participating members will meet their debt service obligations over the life of the PPA.

### **Price Components per kWh for Participating Members**

#### **Price for power delivered under PPA:**

The initial wholesale price for the portion of electricity delivered pursuant to the long-term PPA will be approximately 5.6¢ per kWh in 2009.

- Approximately 3.5¢ of the 5.6¢ wholesale commodity price represents the member's allocated debt service obligation payment for the capacity amount prepaid by CAPP. This price will remain virtually the same for the life of the PPA.
- The remaining 2.1¢ of the 5.6¢ wholesale commodity price pays for the remaining energy delivered by Luminant that has not already been prepaid. (For ease of reference, this will be described as the "energy component.") The energy component price escalates over the life of the contract as described below.

#### **Fixed, Predictable Escalation Over the Life of the PPA:**

The energy component price (the 2.1¢ price of the initial 5.6¢ price) will escalate by three percent (3%) each year over the life of the contract. This equates to approximately one percent (1%) annual escalation of the 5.6¢ per kWh 2009 price.

This means that by 2033, the 24<sup>th</sup> year of the PPA, the energy component price will be approximately 4.5¢ per kWh. The total price for power delivered under the PPA in 2033 (allocated debt service payment of 3.5¢ plus the 4.5¢ energy component price) will be approximately 8¢ per kWh (as compared to the 5.6¢ per kWh in 2009.)

Price for remaining power needs – the wrap agreement – set more frequently:

Unlike traditional contracts that have served CAPP member needs since 2002, the long-term PPA will not serve the entirety of participating members' power needs. In addition to the baseload power provided by the PPA, which is expected to serve about 60 percent of participating members' needs in 2009, CAPP will arrange for a separate contract (the wrap agreement) that fulfills the remaining supply needs in excess of the baseload power provided under the PPA.

CAPP's designated REP will accept delivery from both suppliers (PPA and wrap contracts) on behalf of all participating members and will arrange delivery of all power to individual meters with the appropriate transmission and distribution utility. All charges other than the monthly debt service payment will be billed by the REP, just as currently done.

**Monthly Payments For Participating Members**

Two separate monthly payments will be made by participating members:

- Monthly Debt Service Payment to CAPP  
A separate monthly debt service payment will be made (probably to a trustee who will hold the payments until the payment date prescribed in the bonds) reflecting the capacity portion (3.5¢ per kWh) of the 5.6¢ per kWh PPA price that represents the participating member's monthly debt service obligation for the prepaid electricity.
- Monthly Electric Account Payment(s) to the REP  
CAPP's REP will separately bill each participating member at a "blended" rate per kWh – blending the remaining 2.1¢ energy component price per kWh and the higher market driven price for power under the wrap agreement. The monthly bill will include non-bypassable charges (regulated wires rates).

The CAPP Board will consider proposals from its designated REP for more detailed monthly bills that will reflect power costs allocated under each supply agreement and a savings calculation as well as a total monthly bill.

It will be up to the individual members to determine how they want to treat the debt service portion of their monthly payments. Since the debt service payment is essentially a component of the cost of power, most members will probably treat these payments as operating costs that will be distributed to their various functions, such as streets, utilities, police, etc. In this case a member can take their monthly electric consumption billing from the CAPP REP, obtain a ratio from the kWh associated with a function's account or accounts (e.g., 23% of total monthly electric bill is for water pumping), and then apply the ratio against the monthly debt billing and charge the appropriate function (e.g., 23% to the utility department). Some members may wish to treat the debt portion of the bill as a debt payment paid from their debt service, or interest and sinking fund, in which case no prorated distribution of the billing is necessary.

### **Evaluation of Risks**

The CAPP Board believes that the long-term contract will substantially lower member electric costs and provide a greater degree of budget stability. However, there is no risk-free choice when it comes to contracting for future energy deliveries. While the price for power to be delivered under the PPA is fixed and will not be subject to uncertainties associated with either volatile natural gas prices or potential fuel or capacity supply shortages, there are other risks that each potential participating member must carefully evaluate before committing to the long-term contract. Neither the CAPP Board nor any of its consultants can guarantee future gas prices, the continued linkage between natural gas pricing and electric pricing, or that any participants to the PPA will act in a particular manner.

In the Disclosure Statement included in this package, we name and describe the known risks associated with participation in the long-term contract. It is important that you review the information in the Disclosure Statement. An acknowledgement and acceptance of the risks identified in the Disclosure Statement must occur with the approval of the Member Contract. Additionally, the transaction is dependent upon timely completion of a number of events including approval of signed Member Contracts by the Attorney General, the sale of CAPP bonds, closing the transaction by December 23, 2008, and making the prepayment to Seller in sufficient time to arrange the scheduling of power deliveries to be effective January 1, 2009. Although preliminary communication about the PPA has taken place, CAPP cannot guarantee approval of the Attorney General or acceptance by the financial markets.

To provide context for the risks and uncertainties listed by the Disclosure Statement, the following discussion provides the Board's perspective on some of the identified risks. It is our intention that this information will help you evaluate long-term contract issues. The Board's perception of the known risks is not intended to be a substitute for individual member due diligence, but provides an explanation why the CAPP Board endorses participation in the long-term contract as the most economically attractive alternative despite these identified risks.

The Board's perspective regarding the identified risks is informed by several sources. At least some part of every monthly CAPP Board meeting for the past three years has been spent discussing aspects of the long-term power supply arrangements, including the uncertainties and risks described in the attached Disclosure Statement. In addition to its reliance upon legal advice from CAPP's General Counsel, Geoffrey Gay (Lloyd, Gosselink, Rochelle & Townsend), and the work of CAPP's energy consultants, R.J. Covington, the CAPP Board has retained bond counsel (McCall Parkhurst & Horton) and financial advisors (First Southwest) to arrange and address long-term contract issues, including those related to the prepayment of the capacity received pursuant to the PPA. CAPP's General Counsel has solicited advice from experienced bankruptcy counsel and a lawyer familiar with power contract issues in California.

The CAPP Board believes, but cannot guarantee that its pursuit of lower prices and known and fixed contract obligations will result in lower prices for electricity compared to market prices over the 24-year term of the PPA and make budgeting for electricity more predictable. Known risks associated with participation in the long-term contract include:

#### **1. Bankruptcy of the Seller**

Considering that TXU, the predecessor company to Luminant, was the subject of the largest leveraged buyout in history and is presently operating with more than \$40 billion of debt, issues related to the potential bankruptcy of Luminant or its parent company have received a great deal of scrutiny during the PPA negotiations and as part of the CAPP Board's consideration of the long-term contract.

Of the approximately \$46 billion borrowed to take the publicly traded TXU private, \$26 billion was borrowed from lenders that were provided first-liens against all competitive assets of the former TXU. Lenders with first-liens include Citibank, Goldman Sachs, J. Aron & Company, JP Morgan Chase, Credit Suisse and others. These parties are considered "secured lenders." The remaining \$20 billion was borrowed without providing security.

By signing the PPA, CAPP will become a "Secured Commodity Hedge Counterparty" under the Security Documents. This means that CAPP will be in a first-lien secured position on equal footing with the secured lenders. Thus, CAPP will have a first-lien on all Luminant generation assets including the most valuable asset—Comanche Peak, the two unit nuclear plant near Glen Rose, Texas.

The secured creditors, including CAPP, are protected under the existing Credit Agreement against dilution of the generation assets. Luminant retains the right to replace CAPP's lien at any time with letters of credit, cash or a guaranty from an investment grade rated guarantor.

As part of its consideration of the long-term contract, the CAPP Board evaluated the potential for the supplier's bankruptcy and, if bankrupt, the value of CAPP's position as a first-lien holder. In the event of bankruptcy, the substantial Luminant generation assets will retain value (that value will depend upon current and future projections of natural gas prices at the time of bankruptcy.) While it is impossible to specifically quantify the future value of these generation assets, the CAPP Board was guided by the results of a stress test performed by Standard & Poor's ("S&P") in November 2007 (republished in the Spring of 2008.) S&P's stress test measured the effect on the value of Luminant's collateral in the event of a significant decline in natural gas prices over several years. While the value of the generation assets serving as collateral for the more than \$40 billion in debt declined under these circumstances, S&P concluded that secured creditors (including CAPP) would have a rating of "1" – virtually guaranteeing recovery of all outstanding debt while unsecured creditors would have a rating of "5" – virtually guaranteeing no recovery.



Other factors the Board considered that may mitigate the likelihood of bankruptcy despite the heavy debt burden include:

- Substantial investment (\$20 billion) of unsecured creditors including Berkshire Hathaway. Given the size of their investment, these unsecured creditors may provide additional loans to avoid the complete loss of investment.
- The fact that Oncor, a regulated subsidiary, is a consistent source of revenues. Oncor is ring-fenced and allegedly protected against bankruptcy of the parent or affiliates, it nonetheless provides dividends and other cash to the parent. Oncor recently announced the sale of a 20 percent equity position for \$1.3 billion.

Bankruptcy of one or more of the sellers could alter the expected economics of the transaction. It is the Board's conclusion that bankruptcy would likely present more of a financial problem than an operational problem. The units supplying power under the PPA are necessary for the support of power on the Texas electric grid. Simultaneous loss of all seven units would cause an economic crisis for the State. Therefore, it is reasonable to assume that the units will continue to generate regardless of ownership and regardless of bankruptcy.

The threat of bankruptcy comes down to whether a bankruptcy judge would set aside all, part, or none of the PPA. The PPA includes a provision that the parties intend for the contract to be honored as a forward contract. Despite this stated intention, it is possible that the bankruptcy judge would set the PPA aside if the determination is made that it is an executory contract. There have been recent cases where bankruptcy courts have taken into consideration "the public interest" in assessing obligations and rights of parties. The energy needs and good faith agreements of 150 political bodies may influence the bankruptcy judge to decide that preservation of the PPA is in the public interest.

## **2. Governmental assessments on emissions or greenhouse gases**

As part of its leveraged buyout, Luminant commits to reduce emissions from its fleet of new and existing plants. The Company's plan includes the installation of in-duct selective catalytic reduction ("SCR") systems at its Martin Lake plant and selective non-catalytic reduction systems at its Monticello and Big Brown plants. Luminant will improve the low-nitrogen oxide burner technology at one of its Monticello units to further reduce nitrogen oxide emissions. External SCR systems will be installed at the Sandow and new Oak Grove units. To reduce sulfur dioxide emissions and mercury emissions, Monticello and Big Brown plants will use coal-cleaning technology. Finally, to reduce mercury emissions, Luminant's entire fleet of plants will use activated carbon injection – a sorbent injection system technology.

The cost of Luminant's commitment to reduce emissions made pursuant to the LBO is not included in the price paid by members participating in the long-term contract. However, any new governmental assessment on coal generation or greenhouse gases will be passed onto CAPP as a pro-rata share of the power it receives from Luminant.

The CAPP Board's consideration of the benefits and risks of the long-term contract included the likelihood that legislation levying a tax upon carbon dioxide emissions will be enacted at some point in the future. To the extent these charges are imposed on any unit providing power under the PPA, CAPP and the participating members will be responsible for a proportionate share (approximately 3%) of the cost in excess of operating expenses of \$100,000 annually or capital expenses greater than \$1,000,000 over the life of the financing. However, the Board believes but cannot guarantee that new governmental assessments will impact the price of power throughout the United States and will be reflected in the market price of power in the deregulated areas of Texas. As a result, the Board has reason to believe that despite future imposition of new governmental charges made under the PPA, the relative advantage of PPA pricing to market pricing will be preserved.

### **3. Early termination of the PPA that leaves CAPP and Participating Members owing more (to pay off the debt) than the amortized balance of CAPP's loan**

The PPA is a 24-year agreement, but any commercial contract can be breached when a party decides it is economically advantageous to do so. One of the most difficult and contentious parts of the contract negotiations of the PPA was Article 12 – Early Termination.

The favorable pricing associated with the PPA is conditioned on a prepayment of three-fifths of the present value of the entire discounted purchase price. In considering various scenarios that give rise to early termination of the PPA, the CAPP Board's primary concern is that there is adequate protection for the portion of the prepayment associated with the unrealized term of the contract. In the event of early termination by the supplier, damages owed to CAPP include defeasance of the outstanding bond amount previously paid to Luminant. In addition, the PPA provides for liquidated damages not to exceed \$120 million.

If Texas Competitive Energy Holdings ("TCEH") does not or cannot pay any of the damages owed CAPP under the PPA, participating members may owe their prorated share of the approximately \$400 million of CAPP's debt. Whether this hypothetical, worst case termination situation (consistent with the timing, but worse than the circumstances of the S&P stress test), would offset the potential benefit of the PPA's lower than market prices will depend upon the price of natural gas as it relates to the cost of electric power over the course of the next six years.

### **4. Legislatively mandated changes to the energy market structure**

Deregulating the Texas retail electric market was an enormous and extremely difficult undertaking, and key policymakers in Texas have never advocated undoing it. Moreover, dramatic market changes that came about because of the deregulation would make re-

regulation extremely difficult. For instance, what were previously some of the state's traditional utilities have unbundled into separate entities. It remains unclear how these units could be put back together. Major generation assets have been sold off to unregulated owners and billions of dollars of stranded costs payments have been ordered and are being paid. Undoing those changes would constitute high barriers to re-regulation.

Even in the event of re-regulation of the Texas market or some other dramatic change, it is likely that the legislature would maintain its consistent position that existing contracts for electricity cannot be abrogated.

**5. Restructuring or refinancing by Seller that leaves CAPP with collateral of lesser value**

The LBO financing package, which places CAPP on a first-lien security basis in all generation and competitive assets, is structured as a seven year deal that terminates in the Fall of 2014. It is possible that the PPA will potentially be in effect for 18 years beyond the financing agreements on which the PPA was predicated. Thus, the Substitute Collateral provisions (Section 9.2) of the PPA take on critical importance as the parties try to anticipate whether the Company will be refinanced, taken public or sold off in bits and pieces before the end of 2014. In the event that the seller replaces CAPP's existing first-lien security interest with a new collateral package when it refinances in 2014, the contract terms require that the new package pass several dilution tests.

The CAPP Board will be diligently reviewing its security position throughout the life of the PPA, and particularly at the time of refinancing. There is nothing in the PPA that prevents CAPP from exercising its right of early termination in the event that the security supporting CAPP's prepayment becomes inadequate. The CAPP Board is hopeful that participating members receive the benefit of this contract for the full 24 years. However, even assuming that the contract is terminated prematurely, CAPP members should be made whole for the payment to Luminant through the defeasance provisions, receive some amount of liquidated damages, and have enjoyed millions of dollars in savings as compared to purchasing power in the retail market.

**6. Deliberate non-delivery by Seller of contracted power such that payment of liquidated damages to CAPP for replacement energy potentially exceeds the cap on damages provided in the PPA forcing CAPP to declare an early termination of the PPA**

If the supplier intentionally fails to deliver contracted power, CAPP's remedies include the following:

- a. Penalty for failure to maintain 90% availability from the seven units on a rolling three-year average.
- b. Reimbursement for replacement power if the contract energy is available but not provided.

While we have every reason to believe that Luminant will operate in good faith, even in the event of prolonged default or deliberate withholding, CAPP has remedies to protect its prepayment. CAPP can elect to terminate the PPA. This may happen under certain circumstances where the provider fails to supply the contracted power, forcing CAPP to replace the power at current market rates and then seek compensation from seller for the replacement energy. In that situation, CAPP may be forced to declare the contract in default and trigger termination. Because any prior payments for withholding power, in the event of a termination payment to CAPP, are to be used as an offset based on a rolling 3 to 5 year average, it may be necessary for CAPP to defensively terminate the contract prematurely to ensure that damage payments remain adequate to defease CAPP's bond debt.

**The Board envisions a constant economic evaluation of whether to proceed with an early termination of the PPA if Luminant starts withholding power.** Based upon projections by CAPP's consultants, in the event that Luminant withholds all contracted power, liquidated damages to fully compensate CAPP for procuring replacement power could amount to approximately \$250,000 per day. Even if CAPP waits for 30 days before exercising its right of early termination and Luminant continues to withhold all power for that same period, liquidated damages for 30 days of replacement power amount to \$7.5 million. While the early termination payment owed to CAPP would be reduced by the \$7.5 million already paid by Luminant in this scenario, the early termination damage payments should remain adequate to defease CAPP's bond debt.

To the extent Seller pays liquidated damages for withholding power in a nodal market, CAPP's price of replacement power would be equal to or less than the ERCOT clearing price, which is the price of power TCEH will receive at the same time. Therefore, TCEH should be economically indifferent to fulfilling its PPA obligation to CAPP or withholding power for an alternative sale and paying liquidated damages to CAPP. In other words, the supplier has no incentive to withhold power or fail to meet its obligation to provide power to CAPP.

**7. Failure by one or more participating members to appropriate or pay amounts owed for power delivered under the PPA forcing Seller to declare CAPP in default and terminate the transaction**

Given that electricity is essential to providing city services, we believe that it is extremely unlikely that a participating member will fail to appropriate or pay for the power delivered. Regardless, the PPA does not contemplate joint and several liability for either the power provider or CAPP. Similarly, there is no joint and several liability for individual members pursuant to the Member Contract. In other words, no participating member of the long-term contract will be required to absorb the liabilities of another participating member.

## **8. Technological Advancements/Availability of Inexpensive Natural Gas**

The CAPP Board has pursued the long-term contract in order to achieve a great degree of budget stability and predictability for participating members by eliminating some of the price risks associated with natural gas price volatility. Current economic projections indicate that the Board's pursuit of known and fixed contractual obligations for capacity will in fact also result in lower prices for electricity compared to market prices over the 24-year term of the PPA.

In the near term (5 years), no natural gas experts are predicting significant declines in the cost of natural gas. In fact, most experts indicate that natural gas prices are likely to increase, perhaps substantially, as liquefied natural gas becomes part of a worldwide commodity index. The Chairman of the Public Utility Commission of Texas testified earlier this summer that natural gas prices will continue to increase over the next several years. Given that it will take approximately ten years to bring new nuclear power plants on line and that wind power is not reliable for meeting baseload needs addressed in the PPA, the energy market will not likely use any proxy for determining electricity costs other than natural gas for the foreseeable future. Similarly, because of the capital intensive nature of electric infrastructure, it is likely to take years before the market price of electricity is affected by technological advancements.

Nevertheless, the Board is cognizant that sometime during the term of the 24 year contract, the possibility exists that technological advancements may be made in the production of electricity or circumstances may occur such that natural gas prices decline substantially. If the CAPP Board's sole directive is to achieve the lowest possible electric price at all times, then these unknown and unforeseen scenarios may be reason not to commit to any long-term contract. However, potential technological advancements and declining natural gas prices will not diminish the stability and predictability of the power delivered pursuant to the PPA. In fact, the structure of the PPA (supplying a portion of participating members' power needs) enhances CAPP's ability to take advantage of technological advancements or changes in fuel prices, while also providing budgeting stability.